

INSTRUCTIONS FOR FORM G-65

GENERAL EXCISE TAX COMPUTATION WORKSHEET

FOR PERSONS WITH A CERTIFIED DISABILITY

PURPOSE OF THIS WORKSHEET

Use this worksheet to calculate the amount of taxable gross receipts and tax to report on your monthly, quarterly, semi-annual, or annual general excise tax return, Forms G-45 and G-49.

Make as many copies of this worksheet as you need to compute your tax liability to report on your return(s). Use a separate sheet for each activity (lines 8 through 16) on your general excise tax return. For each taxable period, attach a copy of each worksheet that is used to compute your taxable gross receipts and tax to your general excise tax return for that period.

GENERAL INSTRUCTIONS

The general excise tax law permits a person with impaired sight, impaired hearing, or who is totally disabled to claim certain tax benefits. First, the person may exclude up to \$2,000 of gross income **per year** from the general excise tax. Second, the person will be taxed on any remaining gross income at a maximum rate of $\frac{1}{2}$ of 1%.

These benefits are also available to corporations all of whose outstanding shares are owned by individuals who are blind, deaf, or totally disabled. Effective July 1, 2002, Act 110, Session Laws of Hawaii 2002, extends these benefits to general, limited, or limited liability partnerships, all of whose partners are blind, deaf, or totally disabled, and limited liability companies, all of whose members are blind, deaf, or totally disabled.

To be eligible for these benefits, your impairment or disability must be certified by an appropriate medical doctor on Form N-172, *Claim for Tax Exemption by Person with Impaired Sight or Hearing or Totally Disabled Person and Physician's Certification*, and must then be submitted to the Department of Taxation. Furthermore, the disabled person cannot have earned income of more than \$30,000 for the tax year from all sources. For more information on earned income and disability benefits, see *Tax Information Release Nos. 89-3 and 94-2* and *Hawaii Administrative Rules sections 18-235-1.11 through 18-235-1.15*.

To claim these benefits on the periodic (Form G-45) and annual (Form G-49) general excise/use tax returns, special reporting procedures must be followed. If the reporting procedures are not followed, processing and accounting errors will occur. These errors will result in delays and correspondence between the Department and you.

The following instructions cover the special reporting procedures only. Basic instructions for completing the periodic (Form G-45) and annual (Form G-49) general excise/use tax returns are provided at the Department's website at www.state.hi.us/tax or by visiting or calling any district tax office.

There are three things you must do which differ from the general instructions to claim the special benefits for disabled taxpayers:

- 1) "Disability Exemption" should be written directly below your general excise/use tax identification number on your general excise tax return;
- 2) Complete this worksheet, for each business activity you engage in, to calculate the amount of taxable gross income and tax to report on your monthly, quarterly, semi-annual, or annual general excise tax return, Form G-45 and G-49;

AND

- 3) For each taxable period, attach a copy of each worksheet that is used to compute your taxable gross receipts and tax to your general excise tax return for that period.

SPECIFIC LINE INSTRUCTIONS

Part I - Computation of General Excise Tax Liability

Line 1 — Enter the line number and description of the activity for which you are calculating the amount of taxable gross receipts and tax. (e.g., 8-Retailing)

Line 2 — Enter the total gross income for the activity for the filing period. Do **not** reduce this amount by the exclusion for disabled tax-

payers or any other exemptions or deductions. Also enter this amount in column **a** on the appropriate activity line of Form G-45 or G-49.

Line 3 — Enter the exemptions and deductions from Part II, line 9.

Line 5 — Enter the applicable percentage of the gross income attributed to the non-disabled person(s).

For example, John and Jane Doe, husband and wife, jointly own rental property and report their joint income on one general excise tax return. John is disabled, Jane is not. John enters .50 (50%) on line 5 for Jane's percentage of gross income.

Line 6 — Multiply line 4 by line 5. Enter the result on line 6. This is the amount of gross income attributable to the non-disabled person(s).

Line 7 — Enter the amount from Part II, Line 10. This is the non-disabled person's phased-in wholesale deduction. This deduction does not apply to the disabled person's income as the disabled person's income is already taxed at the $\frac{1}{2}$ of 1% rate.

Line 8 — Subtract line 7 from line 6. Enter the difference on line 8. This is the amount of taxable gross receipts attributable to the non-disabled person(s).

Line 11 — Enter the applicable percentage of the gross income attributed to the disabled person(s).

For example, John and Jane Doe, husband and wife, jointly own rental property and report their joint income on one general excise tax return. John is disabled, Jane is not. John enters .50 (50%) on line 11 for his percentage of gross income.

Line 12 — Multiply line 4 by line 11. Enter the result on line 12. This is the amount of gross income attributable to the disabled person(s).

Line 13 — Enter the applicable exclusion allowable from Part II, line 14.

For example, a disabled individual having \$3,000 in gross income to report on his or her **first** general excise tax return for the year will report \$3,000 in column **a** and include the \$2,000 exemption in column **b**. Complete this worksheet to determine the amount to report in column **c** of your return.

If you are unable to use the entire exclusion of \$2,000 on your first return, the balance may be carried to the subsequent periods until exhausted.

IMPORTANT — *The total of your allowable exclusion is \$2,000 PER tax year, NOT per activity. Note that it is possible for the total exclusion to exceed \$2,000 per year. If more than one individual is covered by a general excise tax license, and if the type of ownership is either "individual" or "other," then each disabled individual may claim an exclusion of up to \$2,000 on their share of the total gross income for the entire tax year, and apply the $\frac{1}{2}$ of 1% tax rate against the balance of their share. Qualifying corporations and general, limited, or limited liability partnerships may exclude \$2,000 of gross income per year regardless of the number of shareholders or partners. Individuals without qualifying disabilities will not be able to have any of these benefits apply to their share of the income.*

Line 14 — Subtract line 13 from line 12. Enter the result on line 14. This is the amount of taxable gross income eligible for preferential tax treatment.

Line 16 — Multiply line 14 by line 15. Enter the result on line 16. This is the amount of general excise tax on the gross income attributable to the disabled person(s).

Line 17 — Add the amounts on lines 8 and 14. This is the taxable gross receipts to report on your general excise tax return for this activity. Enter this amount in column **c** of Form G-45 or G-49 on the appropriate activity line for the filing period.

Line 18 — Add the amounts on lines 10 and 16. This is the tax due on the gross income for this activity for this filing period. Enter

this amount in column **d** of Form G-45 or G-49 on the appropriate activity line.

Example: John and Jane Doe receive \$2,000 a month in rental income and file their general excise tax returns on a quarterly basis. For their first quarterly general excise tax return, the Doe's reportable income is \$6,000. John Doe may claim his full disability exemption amount of \$2,000 as this is less than \$3,000 which is his share of the total rent. The Doe's total taxable gross income is \$4,000 (Jane's \$3,000 and John's \$1,000 (\$3,000 - \$2,000) = \$4,000). The total tax the Does must pay with their first quarterly general excise tax return is \$125 ((\$1,000 x .005 = \$5) + (\$3,000 x .04 = \$120)) (*fig 1*).

Part II - Exemptions and Deductions

Use Part II to list the exemptions and deductions you qualify for. Also list these amounts on the back of Form G-45 or Form G-49. If you are claiming a deduction for subcontractors (line 2), list the subcontractors' names, general excise license numbers and the amount of the deduction on the back of Form G-45 or Form G-49. More information relating to exemptions and deductions may be obtained from the Department's website at www.state.hi.us/tax or by visiting or calling any district tax office.

WHERE TO GET INFORMATION

Oahu District Office

830 Punchbowl Street
P. O. Box 259
Honolulu, HI 96809-0259
Tel. No.: 808-587-4242
Toll-Free: 1-800-222-3229
TDD/TTY No.: 808-587-1418
TDD/TTY Toll-Free: 1-800-887-8974

Maui District Office

54 South High Street, #208
P. O. Box 1169
Wailuku, HI 96793-6169
Tel. No.: 1-800-222-3229

Hawaii District Office

75 Aupuni Street, #101
P. O. Box 833
Hilo, HI 96721-0833
Tel. No.: 1-800-222-3229

Kauai District Office

3060 Eiwa St., #105
Lihue, HI 96766-1889
Tel. No.: 1-800-222-3229

Tax information and forms:

www.state.hi.us/tax

Forms by Fax/Mail:

Telephone No. 808-587-7572
Toll-Free: 1-800-222-7572

EXAMPLE

PART I - COMPUTATION OF GENERAL EXCISE TAX LIABILITY (See separate instructions)

1. Enter the activity for which this income was earned (<i>See Instructions</i>).....	Rental
2. Enter the amount of gross income received for this activity during the period here and in column a of Form G-45 or G-49 on the appropriate activity line	\$ 6,000
3. Enter amount of exemptions/deductions from Part II, line 9.	\$ -0-
4. Subtract line 3 from line 2.	\$ 6,000
5. Percentage of gross income attributable to NON-disabled person(s).....	x .50
6. Amount of gross income attributable to NON-disabled person(s) (multiply line 4 by line 5)	\$ 3,000
7. Non-disabled person's phased-in wholesale deduction from Part II, line 10.	\$ -0-
8. Subtract line 7 from line 6.	\$ 3,000
9. General excise tax rate	x .04
10. General excise tax on gross income on line 8 (multiply line 8 by line 9).....	\$ 120
11. Percentage of gross income attributable to disabled person(s).....	x .50
12. Amount of gross income attributable to disabled person(s) (multiply line 4 by line 11)	\$ 3,000
13. Enter amount of qualified exclusion from Part II, line 14 (<i>See Instructions</i>)	\$ 2,000
14. Amount of gross income eligible for preferential tax treatment (line 12 minus line 13).....	\$ 1,000
15. General excise tax rate	x .005
16. General excise tax on gross income on line 14 (multiply line 14 by line 15).....	\$ 5
17. Add lines 8 and 14. Enter the total in column c of Form G-45 or G-49 on the appropriate activity line	\$ 4,000
18. Add lines 10 and 16. Enter the total in column d of Form G-45 or G-49 on the appropriate activity line	\$ 125

General excise quarterly tax return, page 1:

TRANSIENT ACCOMMODATIONS RENTALS	14								.04		14
OTHER RENTALS	15	6,000	00	2,000	00	4,000	00	.04	125	00	15
ALL OTHERS	16							.04			16

fig 1